

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 02137 191032Z

50

ACTION EB-07

INFO OCT-01 EA-10 NEA-09 ISO-00 SP-02 AID-05 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 PA-02 PRS-01 USIA-15 FEAE-00 ERDA-07 /110 W

----- 092894

R 190845Z FEB 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8092

INFO AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

USLO PEKING

UNCLAS TOKYO 2137

E.O. 11652: N/A

TAGS: ENRG, JA, CH

SUBJECT: JAPAN-CHINA OIL TRADE

REF: A. TOKYO 1704 B. TOKYO 1322 C. TOKYO 13795 (1974)

1. INDUSTRY SOURCE HAS CONFIRMED TO EMBASSY NEWS REPORT THAT CHINA SIGNED CONTRACT FEB. 18 WITH INTERNATIONAL OIL COMPANY, ONE OF TWO JAPANESE "WINDOWS" TO CHINA OIL TRADE, FOR 5.4 MILLION TONS OF LOW SULFUR CRUDE TO BE DELIVERED DURING 1975. QUANTITY IS 80 PERCENT MORE THAN DURING 1974 AND \$12.10 PER TON PRICE IS 70 CENTS BELOW 1974 PRICE. CONTRACT IS DENOMINATED IN DOLLARS AND WILL BE SETTLED IN DOLLARS, WITH 30 DAYS' USANCE.

2. COMMENT: IN SIGNING FOR FIRST TIME DOLLAR CONTRACT FOR OIL EXPORT TO JAPAN AND DROPPING PRICE WELL BELOW THAT FOR COMPARABLE INDONESIAN CRUDE, CHINESE HAVE DEMONSTRATED SERIOUSNESS WITH WHICH THEY INTEND TO EXPAND OIL
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 02137 191032Z

EXPORTS TO JAPAN. (IN FACT, INDONESIAN VICE PRESIDENT

OF FAR EAST OIL TRADING COMPANY WRYLY TOLD EMBOFF
"DR. KISSINGER PUSHED ON SAUDI ARABIA, BUT IT CAME OUT
IN CHINA.)" WHEN NEGOTIATIONS WITH JAPAN-CHINA OIL
IMPORT COUNCIL, SECOND CHINA OIL TRADE "WINDOW", COM-
PLETED LATER THIS SPRING CONTRACTED PETROLEUM EXPORTS
FROM CHINA TO JAPAN MAY WELL EXCEED 8 MILLION TON
TARGET DISCUSSED LAST FALL (REF C).

ALTHOUGH CHINESE HAVE NOW AGREED TO THREE DOLLAR-
DENOMINATED CONTRACTS (REF B), IT STILL REMAINS TO BE
SEEN WHETHER THIS WILL BECOME DOMINANT PATTERN IN
JAPAN-CHINA TRADE. CHINESE ACCEPTANCE BANK OF TOKYO
SUGGESTION FOR FORWARD CONTRACTS TO COVER EXCHANGE
RATE RISKS (REF A) REMAINS AN ACTIVE POSSIBILITY.
HODGSON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, PETROLEUM, CONTRACTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TOKYO02137
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750059-0042
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750229/aaaabaoa.tel
Line Count: 76
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 TOKYO 1704, 75 TOKYO 1322, 75 TOKYO 13795, 75 (197
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2003 by BrownAM>; APPROVED <23 JAN 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAPAN-CHINA OIL TRADE
TAGS: ENRG, JA, CH
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006